

NEUTRAL TANDEM, INC.

Tandem Competition and Phantom Traffic

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FCC Goal: Tandem Competition

As early as 1994, the FCC stated the goal of Tandem Competition:

“Facilitating third-party access to signaling information would permit various telecommunications entities, including CAPs and IXC’s, to offer tandem-switching services in competition with the LECs. Increased competition should, in turn, exert downward pressure on access charges and long-distance rates. In addition, enhancing competition would promote more efficient use and deployment of networks and encourage technological innovation. Finally competitive tandem-switching services would increase access to diverse facilities for IXC’s and users, which could improve network reliability.”[\[1\]](#)

And as recent as 2005, the FCC observed:

“We acknowledge the concerns of competitors that the unavailability of [tandem] service at reasonable rates, terms and conditions could pose a barrier to entry, and we recognize the importance of identifying and implementing appropriate interconnection incentives in the future.”[\[2\]](#)

[\[1\]](#) *Rules Adopted Requiring LECs to Offer Signaling Information for Tandem-Switching Services*, CC Docket No. 91-141, *Transport Phase II, Report No. DC-2602* (May 19, 1994), at 2.

[\[2\]](#) *Developing a Unified Inter-carrier Compensation Regime*, CC Docket No. 01-92, Further Notice of Proposed Rulemaking (March 3, 2005), at para. 129.

Full Tandem Competition Requires Tandem Equal Access

Principles of Tandem Equal Access:

1. Carriers have a Right to Choose Competitive Tandem Provider as Homing Tandem in the LERG.
2. Competitive Tandem Provider Interconnects on Terms Equivalent to Incumbent Tandems.
 - a. Interconnection with ILEC tandem.
 - b. Interconnection with terminating carrier.

Making USTelecom Proposal Consistent With Tandem Equal Access

- LERG Routing: Acknowledge Carriers can Select Competitive Tandem Provider as LERG Homing Tandem
 - Incumbents interconnect with Competitive Tandem for homing tandem terminations on terms equivalent to other incumbent tandem interconnection
- Non-LERG Routing: If Competitive Tandem isn't Homing Tandem for Terminating Traffic:
 - Competitive tandem interconnects with homing tandem on terms equivalent to other incumbent tandem interconnection, thus ensuring call record exchange, etc.
 - At sufficient traffic levels, competitive tandem interconnects with terminating carrier on terms equivalent to homing tandem for such terminations (see *USTelecom Proposal: "Enhancing Carriers' Ability to Obtain Traffic Termination Agreements"*), thus ensuring efficiency, direct call record exchange, and diversity.

Tandem Equal Access and Phantom Traffic

- Competitive tandems should be subject to the same requirements as incumbent tandems for transmission of call signaling, delivery of billing records, etc.
- Non-LERG routing should not be grounds for refusing to enter into an interconnection agreement, as long as terminating carrier receives information needed to bill traffic properly.